

Message Text

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ORIGIN SS-10

INFO OCT-01 ISO-00 /011 R

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R 120232Z APR 74

FM SECSTATE WASHDC

INFO USMISSION OECD PARIS 5284

C O N F I D E N T I A L STATE 073307

EXDIS PASS BORN AND MACDONALD

FOLLOWING REPEAT STATE 073307 SENT NEW DELHI DATED APRIL 10.

QUOTE

C O N F I D E N T I A L STATE 073307

EXDIS

E.O. 11652: GDS

TAGS: EFIN, IN

SUBJECT: AID DISCUSSIONS WITH INDIA

1. THIS MESSAGE AUTHORIZES AMBASSADOR TO BEGIN TALKS
WITH THE GOI ON POSSIBLE RESUMPTION OF BILATERAL ECONOMIC
ASSISTANCE.

2. YOU SHOULD PLACE DISCUSSIONS ON POSSIBLE DEVELOPMENT
ASSISTANCE WITHIN THE FRAMEWORK OF THE BROADER ECONOMIC
RELATIONSHIP DESCRIBED IN YOUR JULY 19, 1973 AIDE MEMOIRE.

A RESUMPTION OF BILATERAL ASSISTANCE IS PREMISED ON
ACKNOWLEDGEMENT OF MUTUAL INTEREST AND COMMON PURPOSE.

WE BELIEVE THAT PROGRESS TO DATE IN DEVELOPING A NEW

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OVERALL RELATIONSHIP WITH INDIA HAS BEEN SUCH AS TO

MAKE POSSIBLE THAT KIND OF AID RELATIONSHIP. WE SEE AID AS PART OF OUR DEVELOPING ECONOMIC RELATIONSHIP, IN WHICH TRADE AND INVESTMENT SHOULD PLAY AN INCREASINGLY IMPORTANT ROLE.

3. IN YOUR DISCUSSIONS, YOU SHOULD INDICATE THAT WE ARE PREPARED TO DISCUSS POSSIBLE DEVELOPMENT LOAN ASSISTANCE BEGINNING IN FY'75, WITHIN A PLANNING LEVEL OF DOLS 75 MILLION, SUBJECT TO CONGRESSIONAL APPROPRIATIONS AND LOAN AVAILABILITIES. (FYI - GIVEN LIMITED TIME AND SEVERE LIMITATIONS ON REMAINING FUNDS, WE DO NOT ENVISION DL IN FY'74 . END FYI). HOWEVER, GRANT FINANCING FOR TECHNICAL ASSISTANCE IN A DOLS 500,000 TO DOLS 1 MILLION ANNUAL RANGE; COULD BE MADE AVAILABLE BEGINNING IN FY'74.

4. IN YOUR DISCUSSIONS, YOU WILL WANT TO MAKE CLEAR THAT WE RECOGNIZE THAT IT IS FOR INDIA TO SET ITS OWN PRIORITIES IN DEVELOPING ITS ECONOMY. OUR INTEREST IS IN CONSIDERING WITH GOI, FRANKLY AND REALISTICALLY, WHAT ROLE US CAN BEST PLAY IN BILATERAL ASSISTANCE TO INDIAN DEVELOPMENT EFFORTS, CONSISTENT WITH FUNDS AVAILABLE TO US AND CONGRESSIONAL DIRECTIVES UNDER WHICH WE MUST OPERATE, INCLUDING AID'S LEGISLATIVE RESPONSIBILITY FOR EFFECTIVE USE OF ASSISTANCE. SEPARATE AIDAC TELEGRAM WILL PROVIDE GUIDANCE ON GENERAL DIRECTION WE ARE CURRENTLY ENJOINED BY LEGISLATION TO FOLLOW IN BILATERAL ASSISTANCE WHICH WE ASSUME ALREADY KNOWN TO GOI.

5. WHEN WE HAVE YOUR RECOMMENDATIONS, BASED ON DISCUSSIONS WITH GOI, WE WILL WANT TO REVIEW TIMING AND CONTEXT IN WHICH WE ANNOUNCE INTENTION TO RESUME AID RELATIONSHIP AND PERHAPS SPECIFIC AREAS OF DEVELOPMENT COOPERATION. WE MAY WISH CONSIDER TYING ANNOUNCEMENT INTO SECRETARY'S POSSIBLE TRAVEL TO INDIA LATER THIS SPRING. KISSINGER UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 APR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE073307
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/INS:JMGBNEY
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740444/aaaabnhe.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2002 by boyleja>; APPROVED <27 MAR 2003 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AID DISCUSSIONS WITH INDIA
TAGS: EFIN, IN
To: OECD PARIS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005